International trade agreements

Compiled by Sarah Bigney
Sources: WTO: www.wto.org, Forum on Democracy and Trade: www.forumdemocracy.net

NAFTA: **North American Free Trade Agreement**
Free trade pact between Mexico, U.S., and Canada. Went into effect in 1994. Removed tariffs and quotas and opened markets in all three countries to each other.

CAFTA: **Central American Free Trade Agreement**
Free trade pact between U.S., Costa Rica, Honduras, El Salvador, Nicaragua, Guatemala, and the Dominican Republic. Passed in 2005. Modeled after NAFTA.

WTO: World Trade Organization
Organization of 153 countries, designed to liberalize trade, eliminate taxes or tariffs and open borders for free flow of goods. Created in 1995 out of its predecessor the General Agreement on Taxes and Tariffs, or GATT. The WTO governs by completing "rounds" of negotiations and coming to a series of agreements that representatives of member nations agree to and each countries' parliament or Congress must ratify.

There are about **60 agreements of the WTO**. A few of the most significant are:

- Agreement on Agriculture (**AoA**)

The AoA has three central concepts, or "pillars": domestic support, market access and export subsidies.

- General Agreement on Trade in Services (**GATS**)

The GATS was created to extend the multilateral trading system to service sector, in the same way the General Agreement on Tariffs and Trade (GATT) provides such a system for merchandise trade. This particularly effects state governments that oversee service licensing, etc.

- Trade-Related Aspects of Intellectual Property Rights (**TRIPs**)

The Agreement on Trade-Related Aspects of Intellectual Property Rights sets down minimum standards for many forms of intellectual property (IP) regulation.

- Technical Barriers to Trade (**TBT**)

TBT attempts to ensure that technical negotiations and standards, as well as testing and certification procedures, do not create unnecessary obstacles to trade.

Other bi-lateral free trade agreements modeled after NAFTA of which the U.S. is a party:

U.S.- Chile Free Trade Agreement (FTA)
U.S.- Peru Trade Promotion Agreement (TPA)
U.S.- Singapore FTA
U.S.- Australia FTA
U.S. - Bahrain FTA
U.S. - Oman FTA
U.S - Israel FTA
U.S. - Morocco FTA

Trade key terms

USTR: United States Trade Representative: The USTR is an ambassador level appointee of the Presidential administration designated to oversee international trade policy. The current USTR is Ron Kirk.

Doha Round: Current round of negotiations at the WTO. The round began in 2001 and has not been completed because an agreement cannot be reached. The talks collapsed in the most recent summit in 2008. Agricultural tariffs are one of the major sticking points.

Fast-Track: (Also called TPA- Trade Promotion Authority) The mechanism by which Congress gives up its constitutional right to negotiate trade policy and allows the Presidential administration to do the negotiating. After the agreements are negotiated, Congress gets an up or down vote on the agreement with no chance to amend. Once the President submits a trade agreement for ratification, Congress only has 90 days to get the bill through both chambers. There is a limit of floor debate to 20 hours in each chamber.
Fast-Track expired in 2007 and has not been renewed, so there currently is no negotiating mechanism for trade agreements.

Federal/State Consultation: Although the current model of free trade agreements directly impacts state sovereignty and federalism, the process by which they are negotiated includes no meaningful consultation with states.

IGPAC: The Intergovernmental Political Advisory Committee is one of many advisory committees to USTR. IGPAC is the only advisory committee to represent the interests of state and local governments. It has neither funding nor staff, and is often unable to access important information on negotiations. It has 30 members, so not all states are represented.

Investor-State Rights: Found in NAFTA Chapter 11 and CAFTA Chapter 10, and in subsequent trade agreements, these provisions grant the right to foreign investors the right to challenge federal, state or local laws they think limits their right to future profits. They can sue a country for damages or a reversal of the law or policy they see unfit.

Dispute Mechanism: Under the WTO, if one country feels that another has broken one of the agreements it can bring forward a challenge. This dispute settlement is similar to investor-state rights disputes, but instead of foreign investors bringing the challenge, the country itself has to bring a challenge, so they are state-state disputes. These cases are not heard in domestic courts but rather are decided by an international tribunal. There can either be a fee levied, or the offending nation can offer up other sectors to open as a settlement.

Domestic Regulation: Proposed GATS provisions that would create major restrictions on the ability of sub-federal governments (i.e. U.S. states) to license, regulate, or govern the service sector.